

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

W= Name
X= Name
Y= Name

r= Amount
t= Amount
u= Amount
v dollars= Amount
w dollars= Amount
x dollars= Amount
y dollars= Amount

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated December 31, 2011.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are is classified as a private foundation as defined in section 509(a).

You will conduct W. The purpose of W is to invest in, empower, and celebrate the potential and future viability of performing artists in specific fields. As part of W, you will operate two grant programs, X and Y.

The purpose of X is to provide grants to leading artists in the performing arts to support the artists' creative and professional development.

The purpose of Y to provide grants to fellows in the performing arts to support their creative and professional development.

Grant Procedures for X

Grant recipients for X will be selected without any action on their part to receive the grant; hence, there will be no application process or similar procedure that will be used to select grant recipients.

You will contract with an unrelated third party organization that along with your staff will identify eligible grant recipients. The third party organization will also manage the selection process and provide technical assistance to recipients of grants.

Each year, it is anticipated that approximately r performing artists will be eligible to receive a grant under X. You expect to award up to t grants under X annually over five years to individuals in the performing arts. The grant award is a combination of both unrestricted and restricted portions and consist of x dollars of unrestricted funding and up to y dollars of restricted funding.

Unrestricted funding is for promoting the artists long-term creative and professional development through activities such as travel, study, time for reflection, professional skills enhancement and professional development. This unrestricted funding will enable artists to take creative risks, explore new ideas, and address important needs and thus improve or enhance an artistic capacity, skill, or talent.

Restricted funding is project specific and designed to support efforts to connect the artist to their audiences more meaningfully whether through audience development programs or arts education activities. In addition, this funding is offered to explore new, deeper and more effective ways of engaging the public in their work and cultivating long-term audience relationships.

A committee consisting of (a) distinguished arts leaders who offer general expertise in the contemporary performing arts, and (b) field specialists who have expertise in each performing arts discipline, will select recipients of the grants.

Members of the selection committee will not be in a position to derive a private benefit, directly or indirectly, if certain potential grant recipients are recommended or selected, as the case may be, over others. Your board of directors (and/or board committee or one or more of your officers) will review and approve each group of grant recipients selected for funding by the selection committee.

Grant recipients will be selected based on eligibility, exceptional creativity, evidence of artistic maturity and developed expressive style, evidence of ongoing creative investigation and self-challenge, evidence of outstanding contribution to their field(s), evidence of commitment to making work in the nonprofit sector, and the potential to make a continuing significant contribution to their field(s) in the future. All grant recipients will be selected on an objective and non-discriminatory basis without regard to race, gender, religion, national origin, ethnicity, or sexual orientation.

The terms and conditions of each grant will be contained in a letter agreement sent to the grant recipient to notify him/her of the grant.

The letter provides the following concerning the unrestricted portion of the grant: a description of the specific purpose of the grant; its duration; the expenses that can be paid by the grant; and requirements for annual and final reports to you and annual affirmation that the grant recipient intends to continue working professionally in the arts field, including the due dates of the reports. Each recipient will be required to provide his or her plan for improving or enhancing his or her artistic capacity, skill or talent with the award funds and a payout schedule for receiving the funds.

The letter provides the following concerning the restricted portion of the grant: the specific purpose of the grant that it is to be used for a specific project involving either audience development programs or arts education activities. Furthermore, the letter provides the grant's duration; the expenses that can be paid by the grant; and requirements for annual and final reports to you and an annual affirmation that the grant recipient intends to continue working professionally in the arts field, including the due dates of the reports.

Once the award recipients are notified of the awards, they must provide proposed plans, projects, and budgets for the unrestricted and restricted portions of the awards. For the restricted funds, the project needs to identify the audience it intends to reach, the value of the audience for the artist's long-term goals, and the value of the project in cultivating that deeper audience connection. The selection committee will review the proposed project and budget to determine if the proposed project addresses the goal of connecting the artist to and expanding his/her audiences. If they determine that the proposed project does not address expanding audiences for artistic work and/or arts education activities, the artist will be notified and a request will be made that a revised or new budget and proposed project be submitted for approval.

The recipient will be required to sign a copy of the letter agreement and return it to you to confirm his or her acceptance of the terms and conditions.

Payment of the grant funds will be made directly to the individual grant recipient in accordance with a schedule to be defined by the grant recipient, with no more than a specified percentage of the unrestricted funding paid out in any one year.

Awards are not renewable beyond the specific period listed in the original proposal.

Grant Procedures for Y

Grant recipients for Y will be selected without any action on their part to receive the grant; hence, there will be no application process or similar procedure that will be used to select grant recipients.

You will contract with an unrelated third party organization that along with your staff will invite recipients of the X grant, other arts professionals and established artists to nominate up to three eligible artists in the performing arts, who the

nominators believe have the potential to impact and advance their respective fields. The third party organization will also manage the selection process and provide technical assistance to recipients of grants.

You expect to award up to t grants per year under Y over five years to art fellows in the performing arts. You will consider at least u nominations for Y in the first year. Nominees not chosen in a given year will automatically continue to be eligible for consideration in subsequent years and the program staff will solicit a minimum of u new nominations each year.

Eligible recipients of Y will (1) be residents or citizens of the United States (2) be generative or interpretive artists, where generative means they are the person primarily responsible for creation of new works in specific performing arts disciplines and interpretive means artists who interpret or execute works created by others; and (3) have been nominated for the grant; and (4) have demonstrated the potential to influence their respective fields but who, in general, have yet to receive the level of recognition in national competitions that the recipients under X have achieved.

The grant award is a combination of both unrestricted and restricted portions. Awards under Y will consist of v dollars of unrestricted funding and up to w dollars of restricted funding.

Unrestricted funding is for promoting the artists long-term creative and professional development through activities such as travel, study, time for reflection, professional skills enhancement and professional development. This unrestricted funding will enable artists to take creative risks, explore new ideas, and address important needs – and thus improve or enhance an artistic capacity, skill, or talent.

Restricted funding is project specific and designed to support efforts to connect the artist to their audiences more meaningfully whether through audience development programs or arts education activities. In addition, this funding is offered to explore new, deeper and more effective ways of engaging the public in their work and cultivating long-term audience relationships.

A committee consisting of notable and rising performing arts professionals and artists will select recipients of the grants from among the nominees. Your board of directors (and/or board committee or one or more of your officers) will review and approve each group of grant recipients selected for funding by the selection committee.

Grant recipients will be selected by the selection committee based on their potential to influence their respective fields. All grant recipients will be selected on an objective and non-discriminatory basis without regard to race, gender, religion, national origin, ethnicity, or sexual orientation.

The terms and conditions of each grant will be contained in a letter agreement sent to the grant recipient to notify him/her of the grant.

The letter provides the following concerning the unrestricted portion of the grant: a description of the specific purpose of the grant; its duration; the expenses that can be paid by the grant; and requirements for annual and final reports to you and annual affirmation that the grant recipient intends to continue working professionally in the arts field, including the due dates of the reports. Each recipient will be required to provide his or her plan for improving or enhancing his or her artistic capacity, skill or talent with the award funds and a payout schedule for receiving the funds.

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The selection committee will review the proposed project and budget to determine if the proposed project addresses the goal of connecting the artist to and expanding his/her audiences. If they determine that the proposed project does not address expanding audiences for artistic work and/or arts education activities, the artist will be notified and a request will be made that a revised or new budget and proposed project be submitted for approval.

The recipient will be required to sign a copy of the letter agreement and return it to you to confirm his or her acceptance of the terms and conditions.

Payment of the grant funds will be made directly to the individual grant recipient in accordance with a schedule to be defined by the grant recipient, with no more than a specified percent of the unrestricted funding paid out in any one year.

Awards are not renewable beyond the specific period listed in the original proposal.

Oversight and Reporting Procedures for both X and Y

No grants will be made (i) to your substantial contributors, (ii) to your directors or officers, (iii) to any member of the selection committee, (iv) to any family members of any of the persons listed in clauses (i) through (iii) above, or (v) to any disqualified person with respect to you. In addition, no grants will be made for a purpose that is inconsistent with your charitable and educational purposes.

You will require each grant recipient to submit a report at specified periods, which will be at least once each year, detailing the use of the grant funds and the progress the grant recipient has made toward achieving the purposes for which

the grant was made, as well as accounting for the funds that have been spent up to the date of the report. In addition, an annual affirmation is required. Upon final expenditure of the grant funds, the grant recipient will be required to make a final report describing the grant recipient's accomplishments with respect to the grant and accounting for all the funds received under the grant.

Reports will be reviewed and approved by the program staff and your staff annually to determine both that recipients are spending funds for the purposes awarded and the payout request meets the requirements of the program, which specifies that an individual recipient cannot receive more than a certain percentage of the total unrestricted funding in any one year. Grant recipients may affirm or revise their payout schedule and/or plan periodically with the approval of program staff and your staff.

If a grant recipient chooses to cease working in the arts fields, the recipient will be ineligible to receive any outstanding, unpaid funding. Additionally in the unlikely event of a recipient's death before the grant has been fully paid, funding for the deceased recipient will cease and no further grant funds would be paid.

Where reports to you or other information (including the failure to submit reports after a reasonable time has elapsed from their due date) indicates that all or any part of the grant funds are not being used for the purposes of the grant, you will initiate an investigation.

If you determine that any part of the grant has been used for improper purposes, you will take all reasonable and appropriate steps to recover diverted grant funds or to insure the restoration of diverted funds and the dedication of other grant funds held by the grant recipient to the purposes being financed by the grant. These steps will include: (i) withholding any remaining disbursements of the grant funds until you have received (A) the grant recipient's assurances that future diversions will not occur and (B) any delinquent reports from the grant recipient; and (ii) if necessary, any legal actions unless such action would in all probability not result in the satisfaction of execution on a judgment.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term “taxable expenditure” means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute “taxable expenditures” within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your educational grant procedures is a one-time approval of your system standards and procedures that will result in grants which meet the requirements of section 4945(g)(3) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to

subsequent grant programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Holly O. Paz
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Notice 437
A copy of the redacted letter